

MARKET STUDY
PREPARED FOR
THE CITY OF COLUMBUS
OLD BLIND SCHOOL
240 PARSONS AVENUE
COLUMBUS, OH 43215



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Downtown Columbus Office Market

If the watchword for the Columbus market at year-end 2000 were "construction," the maxim right now seems to be "wait-and-see." How does a market hit the brakes? In February we were all basking in the glow of the Wall Street Journal cover story: Hello, Columbus - For This Midwest City, Slow and Steady wins Today's Economic race. More recent Columbus headlines have featured local companies laying off employees, from venerable stalwarts like Borden, Timkin and Lucent to some surprises like Applied Innovation, and Lord Sullivan and Yoder. Wall Street Journal's latest article about Columbus pegged our downtown office market atop Merrill Lynch's list of markets in danger of overbuilding.

There is no doubt that the economy is slowing. The office market reflects the volatility of the stock market lately. Unfortunately, office space is not as liquid as stock - i.e.: it doesn't recover as quickly. Couple that with slight case of over-enthusiasm among local developers and suddenly we're wallowing in surplus space. Nonetheless, Columbus' fundamentals - that recently garnered praise from the national media - remain: a diverse economy not dependent on any one industry, low cost of living, high quality of life, a well-educated work force, and solid Midwestern values. Whether or not the local economy is as recession proof as once touted remains to be seen.

In response to market conditions, construction is slowing in both the industrial market and the suburban office market. Building continues in the downtown office market and shows no signs of slowing in the near future. In the first half of 2001, literally, for the first time in years, net absorption in the downtown office market outpaced the suburban market. Columbus suburban market experienced negative absorption to the tune of 535,000 square feet. In the downtown market, 46,000 square feet of net absorption occurred.

Absorption is defined as the change in market occupancy from quarter to quarter. Although there may be a great deal of gross leasing activity, if the tenants are moving from one site in the same submarket to another, the net result would be zero net absorption. Leasing activity is not a good indicator of a market's health - net absorption is. Virtually all of the downtown absorption took place in newly constructed buildings. Any positive leasing activity downtown was cancelled out by large vacancies created in older buildings as tenants moved to newer ones.

| Columbus Office First Half Absorption Comparison - In Square feet | | | | | | | |
|---|----------------|---------------|----------------|----------------|----------------|----------------|-----------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| Submarket | | | | | | | |
| DT A | -8,348 | 8,757 | -45,981 | -31,792 | -6,887 | -42,000 | 1,000 |
| DT B | -41,482 | 48,510 | 7,125 | 73,879 | -27,772 | 65,000 | 45,000 |
| Downtown | -49,830 | 52,937 | -38,856 | 42,087 | -34,659 | 23,000 | 46,000 |
| Northeast | 28,470 | -28,445 | 135,848 | 471,359 | 201,412 | 338,000 | -138,000 |
| North | -33,370 | 18,800 | 38,608 | 59,531 | -4,108 | -70,000 | -230,000 |
| Northwest | 200,331 | 10,978 | 255,472 | 288,417 | 336,551 | 213,000 | -157,000 |
| Suburban | 195,431 | 1,333 | 429,928 | 819,487 | 533,815 | 481,000 | -535,000 |

Net Absorption = The difference in occupancy from quarter to quarter.

Two new downtown buildings, 495 South High Street and 191 W. Nationwide Boulevard were both completed in the first half of 2001, swelling the downtown base by over 200,000 SF and adding over 120,000 square feet to net absorption for downtown. Current Class A vacancy stands at 12.58%. In addition, almost 100,000 square feet of Class A sublease space is currently being marketed - which, if added to the vacancy, would bring the Class A vacancy rate to 15.28%. (Sublease space is office space that a tenant is under contract to rent but no longer occupies. The tenant seeks to find another to sublease the unwanted space. Until a sublease takes place, the tenant is obligated to pay rent. For this reason, sublease space is not included in vacancy statistics, even though the suite may be vacant.) Downtown absorption has averaged almost 95,000 square feet over the past seven years. We currently have over 450,000 square feet of vacant Class A space - which represents almost a five-year supply - and there's more coming on the market very soon. Two Class A high-rise offices are nearing completion: School Employees Retirement System's elegant new headquarters at 300 E Broad Street and Pizzuti's state-of-the-art Two Miranova Place along the riverfront. Both are scheduled to open in early third quarter: The School Employees building will be 63% leased upon completion and Miranova is reportedly 26% pre-leased. In other words, these two buildings will soon add over 250,000 square feet of vacant Class A space to the downtown market, raising the vacancy rate again. If no more pre-leasing is accomplished in these buildings, the resulting vacancy rate (including sublease space) would be 19.87%

To compete with amenities offered in newer buildings, Class B property owners are investing in their buildings. For example, owners of the Borden building are completely renovating its front plaza. Perhaps that is why the Borden sign has come down - rather than as a result of a rumored move to the suburbs. The company has recently announced it will be cutting 200 jobs within the next two months. Class B vacancy stands at 6.72% and net absorption is 45,947 square feet year to date. There is currently well over 200,000 square feet of sublease space being marketed in the downtown B market - adding that to the vacant space would shoot the vacancy rate to over 14%. We currently have a better than 15 year supply of Class B space downtown based upon historical absorption rates. .

Making NAI Welsh's statistics seem absolutely rosy, Merrill Lynch projects a year-end vacancy rate for the overall downtown market at 20.4% - and estimates that we will have a 22 year supply of office space at that time

Near East Office Market

To define the Near East office market, we drew our trade area from the one used in the Near East Area Plan prepared by the City of Columbus in June of 1995 - and consistent with the boundaries used by the Near East Area Commission. The boundaries are: Conrail and I-670 on the North, I-70 on the South, Alum Creek on the East and I-71 on the West. Further definition of the trade area - and a map - will be found in the demographic section of this report.

Competitive, Class A buildings are newer, greater than 100,000 square foot, multi tenant buildings that command premium rents in the marketplace. Class B buildings are smaller, older and more reasonably priced than Class A buildings. There are no buildings in the Near East trade area considered Class A or B by NAI Welsh for competitive absorption purposes. There are 32 office buildings in the trade area, totaling 812,235 square feet. There are 62,000 square feet of vacant space in those buildings, for a vacancy rate of 7.63%. As of end second quarter, the combined (A & B) downtown vacancy rate stood at 10.55%.

The average asking lease rate in the Near East trade area is \$12.93 per square foot full service. Competitive Downtown office brokers quote lease rates ranging from \$19.50 to \$25.00 per square foot full service. (Full service means that other expenses, such as janitorial service or utilities are included in the rate.) It is important to note that asking rates are only that. Downtown landlords are offering up to six months of free rent - and other concessions - to tenants who will sign a three to five-year lease in their buildings. Additionally, Downtown landlords are offering \$21.00 to \$22.00 per square foot in tenant improvement allowances. "T.I." dollars are monies that landlords set aside to redesign a space to a tenants specifications.

Office tenants in the Downtown area include some of the largest office space users in Franklin County, including law firms, insurance companies and banks. Office tenants in the Near East trade area tend to be service businesses, including law firms, medical support services, consumer credit counseling services and government agencies. This would be the group most likely to want to locate in the Old Blind School. Of this set, only one has a lease expiring within the next two years.

A tenant looking for office space in the Downtown area has many choices - from brand new, state-of-the-art spaces to a wealth of bargain subleases. Tenants looking for space in the Near East trade area have multiple spaces to choose from. The 167,840 SF Continental Insurance Building at 1111 East Broad Street has had 58,500 square feet vacant for over a year at an asking rate of \$14.50 per square foot full service. Potential tenants could choose between 18,500 square feet on the second floor or 40,000 square feet of lower level space. The building features a cafeteria and guard on site as well as a raised computer floor.

Another alternative in the area is 1156 Alum Creek Drive, a small 4,500 square foot building which has been on the market for 11 months. This building is offered for sale at \$675,000 or for lease at \$12.00 per square foot Full Service. It features 16 separate offices, new air conditioning units, a T1 line for computer connection and a sophisticated computer network interface for all 16 offices.



1111 E Broad Street



1156 Alum Creek Drive

The Columbus Downtown office market currently has a five to twenty year supply of available office space depending on whose statistics you read. Tenants looking for office space in the Near East trade area have multiple choices. Two attractive buildings at reasonable asking rates in the area have been on the market for 11 months to a year. There is clearly no need for more office space in the Near East trade area.

INTRODUCTION

NAI Welsh is pleased to present the City of Columbus with our marketing study of the Old Blind School building at 240 Parsons Avenue. We trust that you will find the information and analysis provided herein both informative and insightful.

We would like to thank the City of Columbus for entrusting us with such a fascinating project. It has been very interesting learning about the Near-East Side and meeting with its residents. As with any large neighborhood project, we could not have accomplished anything without the assistance of very dedicated people in the community.

We would especially like to thank the Old Blind School committee for generously sharing their experience and valuable insights into Columbus' Near-East Side. Christie Angel of Mayor Coleman's office was of particular assistance in the initial stages when we were choosing the direction our study should take. Walter Cates was a great help as we were trying to understand the Main Street Business Association's needs. Kathleen Bailey's help was invaluable in setting up a meeting with the Near East Area Commission Planning Committee. We also want to thank Paul Binder for putting us on the agenda of an Olde Towne East Neighborhood Association meeting and helping to get the word out about our study by writing about it in the Association newsletter. Finally, Candy Watkins of the Olde Towne East Business Association was instrumental in setting up a public meeting at the Columbus Neighborhood Design Assistance Center. Such tremendous support for the project demonstrates a very strong community feeling, one of the many positive things we learned about the Near East Side.

To fully explain our conclusions, we will have to take you through our study process. As we discovered, it was a most interesting journey.

Changing Demographics Of The Near East Neighborhood

We drew our trade area from the one used in the Near East Area Plan prepared by the City of Columbus Department of Trade and Development in June of 1995. The borders are: Conrail & I-670 on the north, I-70 on the south, Alum Creek on the east and I-71 on the west. These are the logical boundaries to define the area and are consistent with ones used by the Near East Area Commission. Each of these margins forms a natural barrier that distinctly and consistently defines the near-east trade area.

Demographic data used in this report has been taken from multiple sources. NAI Welsh, like most real estate companies, uses demographic data from a secondary supplier. Our primary source is AnySite Online, which we access through NAI Direct. AnySite Online utilizes a wide range of data sources to calculate estimates and projections, including:

- Census Bureau estimates and projections
- Bureau of labor statistics employment estimates by industry and occupation
- Medicare eligible population at the zip code level
- Internal revenue statistics on tax filers and year-to-year migration
- The Census Bureau's Current Population Survey
- Experian's Performance Data System (PDS)

"The estimates and projections methodology combines the best current and projected information from the data sources noted above. It is supplemented by the extensive experience of Applied Geographic Solutions in creating accurate and reliable estimates and projections."

-AnySite Online

We used the AnySite data to compare population, income and education level statistics and projections for the Near East Trade Area, the City of Columbus and Franklin County and the United States as a whole. AnySite Online population numbers are not in exact agreement with numbers recently published by the city. However, we used the richer data provided by AnySite Online because it tells the full story. Current population numbers provided by the city do not include income and retail expenditure data or population projections. We used AnySite data consistently through this report to provide apples-to-apples comparisons of the different geographic areas. (In section 6 of this report we have included Near East Area Commission demographics compiled by the City of Columbus Department of Trade and Development for comparison.)

Population Statistics

| Population | Near-East Area | City of Columbus | Franklin County |
|-----------------|----------------|------------------|-----------------|
| 1990 Census | 23,359 | 632,910 | 961,437 |
| 2000 Census | 20,718 | 683,106 | 1,034,525 |
| 2005 Projection | 19,406 | 675,391 | 1,059,440 |
| 2010 Projection | 18,046 | 686,532 | 1,087,797 |

The June 1995 Near East Area Plan reported an 11% decline in population in the near east trade area between the 1980 & 1990 census counts. Clearly, the trend toward declining population in this area continues although the rate of decline has slowed. Between 1990 and 2000, the population has declined by 8.7%. It is projected to drop by that same rate by 2010. In contrast, the City of Columbus grew by 11.3% between 1980 & 1990 and by 7.9% between 1990 & 2000. Franklin County grew by 10.9% between 1980 & 1990. The county grew by 7.6% between 1990 & 2000. Population in the defined trade area is declining and will continue to do so.

The 1995 report indicated that the near-east area had a high percentage of young persons. In 2000, the median age in the area is 32.7 - as opposed to the Columbus MSA where the median age is 34.8. According to Sales and Marketing Management Magazine's annual Survey of Buying Power, Columbus ranks 150th youngest of the 210 MSAs in the country. The median age in the United States is 35.7. This is a young neighborhood in a young city.

Employment In 2000

| | Near-East | Columbus | Franklin County | U.S. |
|--------------|-----------|----------|-----------------|-------|
| White Collar | 46% | 66% | 66% | 56.7% |
| Blue Collar | 54% | 34% | 34% | 42.7% |

In the year 2000, 46% of the employed in this area are white-collar workers and 54% are blue-collar. Workers in both Franklin County and the City of Columbus are 66% white-collar and 34% blue-collar. The United States as a whole is comprised of 56.7% white collar and 42.7% blue-collar employment. The defined trade area is more blue-collar than the city or the county - but more white-collar than the United States as a whole.

| | Near-East | Columbus | Franklin County | U.S. |
|-------------------------|-----------|----------|-----------------|------|
| Unemployment Rate 1990 | 15.8% | 5.9% | | 5.1% |
| *Unemployment Rate 2000 | 9.95% | 2.6% | | 4.2% |

1990 unemployment statistics are taken from the 1995 Near East Area Plan. 2000 unemployment figures were pulled from different sources, so they should be considered no more than a general comparison. Unemployment rates have dropped since 1990, more dramatically in the near-east than the rest of the area. Nonetheless, it is safe to say that the unemployment rate in the near-east

area is higher than that of either Franklin County or the US as a whole. When looking at this statistic, keep in mind that the unemployment rate represents the number of people in the area who are collecting unemployment compensation and also actively looking for work.

Education level

The near-east area has a higher than average level of high school graduates, but a lower than average level of college graduates. In the near-east area, 35% of residents aged 25 years old and older held high school diplomas, compared to 32% in both the City of Columbus and Franklin County. High school graduates make up 33.8% of the US adult population as a whole. College graduates make up 21.5% of the population aged 25 years old and older in the near-east area. In contrast, college graduates make up 30% of the adult population in Columbus, 31% of the adult population in Franklin County and 31.6% of the adult U S population.

Income demographics

| | Near-East Area | City of Columbus | Franklin County |
|-------------------------------|----------------|------------------|-----------------|
| Average Household Income 1990 | \$18,089 | \$31,800 | \$37,378 |
| Average Household Income 2000 | \$23,709 | \$46,291 | \$53,509 |
| Average Household Income 2005 | \$26,617 | \$53,143 | \$74,339 |

According to the 1995 Near East Area Plan, the average household income in the trade area had increased by 30% since 1980. As you can see, the average household income in the trade area continues to increase in roughly the same percentages as the City of Columbus and the county, while remaining well below both.

We used average household income for this chart to be consistent with the 1995 Near East Area Plan. However, average income is not a good indicator of retail viability in a neighborhood. One or two extremely high salaries will render a deceptively high average. Retailers find median household income to be a better predictor when doing site selection. For demographic purposes a "family" is a group of related persons living together, often including only one breadwinner. "Household" income statistics are more inclusive - including roommate and unrelated partner situations as well as family groups. A median income figure signifies that half of the household incomes in the area fall below the stated figure while half are above it.

| | Near-East Area | Columbus | Franklin County | U.S. |
|---------------------------------|----------------|----------|-----------------|----------|
| Median household Income 2000 | \$18,948 | \$38,605 | \$42,560 | \$42,351 |

Housing and Vehicles

In the near-east area, owner occupied dwellings accounted for 24.1% of the housing stock, renter occupied dwellings made up 52.2% of the total and the remaining 23.7% of the properties were vacant. The total number of vehicles available in this area in 2000 is 8,273. The average number of vehicles per household is 1 as in Columbus and Franklin County - and 1.7 nationwide.

Conclusion: The Near-East area is clearly a neighborhood in transition. The population is younger than other Columbus neighborhoods, becoming more affluent and better educated even as it thins. However, this is clearly not the sort of neighborhood typically targeted by major retail chains. The sort of retailers desired by residents in our public meetings are attracted to areas that demonstrate specific demographic patterns. Retailers typically look for explosive -or at least consistent - population growth; often desire a large number of newly constructed homes; and frequently look for a median household income of \$30,000 - \$50,000 - all within a three mile radius of a target intersection.

* The unemployment rate for the near-east area was supplied by the custom trade area demographics run on Applied Geographic Solutions software on AnySite Online. County and national figures were taken from the Ohio Department of Job and Family Services January 2001 statistics

Sources of Demographic Information: Applied Geographic Solutions, AnySite Online, NAIDirect.com; Sales & Marketing Management 2000 Survey of Buying Power.

Neighborhood Concerns

In late February and early March of 2001, NAI Welsh conducted a series of public presentations sharing our Old Blind School project with East Side neighborhood organizations. On February 8th, we attended the Discovery District Commission meeting. On March 14th, we met with the Olde Towne East Neighborhood Association. On March 15th, we met with the planning committee of the Near East Area Commission. On the evening of March 22nd, a public meeting was conducted at the Neighborhood Design Assistance Center. To publicize the project and the meetings, we sent press releases to The Columbus Dispatch, The Call and Post, The Minority Communicator, The Eastside Messenger and Eastside This Week. At each of these meetings, we gave a presentation describing our project and shared the City of Columbus' desire to use the Old Blind School site to benefit the immediate area. We constantly reiterated that the City was seeking to find the highest and best use of the property for the neighborhood rather than the highest and best economic use of the building. During this process, we handed out, faxed and mailed out hundreds of surveys soliciting neighbors' opinions of the highest and best use of the building for the neighborhood.

NAI Welsh mailed surveys to the Corporate neighbors (identified with assistance of the Old Blind School committee) and all office tenants in the Near East trade area. NAI Welsh also provided surveys for distribution by the Main Street Business Association and the Olde Towne Business Association.

In working on this project, we found Olde Towne East area neighborhood to be rather unique. Only imaginative, strong and creative people are willing to take on the challenges of rehabilitating an older home while living in a neighborhood in transition. They have a much larger investment - both personally and financially - in their property than someone who buys a newer building in a less challenging area. Both corporate neighbors and homeowners in this area are extremely passionate about their neighborhood. No one who spoke with us refrained from sharing opinions. Response to our presentations varied from sincere delight at being included in the project to skepticism at the motives and sometimes anger. Some respondents were upset at being included so late in the process. Some thought that the city should have positioned the Health Department on higher floors, leaving the lower floors for retail tenants. Nonetheless, survey responses were creative and thoughtful.

While we gathered data in our meetings, we also heard many neighborhood concerns. Overwhelmingly, neighborhood residents feel that the immediate area contains too much "institutional use" property.

"Our area is over-saturated with institutional, non-profit and government tenants. We desperately need private business stakeholders. " wrote one homeowner.

In addition, some of the residents that we met felt that the area has become a "dumping ground" for drug and alcohol rehab clinics, Section 8 housing and group homes. In fact, the defined trade area does have a somewhat disproportionate number of "population living in group quarters." The "group quarters" population is defined as:

"Persons not living in households, such as persons in institutions, military barracks, nursing homes, college dormitories and homeless persons. "
- AnySite Online, NAI Direct.com

Group Homes Comparison

| | Near East Area | City of Columbus | Franklin County |
|--------------------|----------------|------------------|-----------------|
| G H pop. 1990 | 683 | 20,528 | 25,317 |
| %age of population | 3.29% | 3.24% | 2.63% |
| GH pop. 2000 | 665 | 23,487 | 28,448 |
| %age of population | 3.42% | 3.43% | 2.74% |
| GH pop. 2005 | 618 | 25,136 | 31,003 |
| %age of population | 3.42% | 3.72% | 2.92% |

Statistically, the percentage of the population in the East Side trade area living in group homes is higher than in the city of Columbus or in Franklin County as a whole. Interestingly, the group home population is projected to decline in the next few years - in contrast to both the city and the county - where projections show an increase. However, the East Side trade area population is projected to decline as well and the proportions remain the same.

Data source: Applied Geographic Solutions, AnySite Online, NAI Direct.com

Several of the local residents as well as some of the corporate partners suggested that residential use be considered for the remainder of the space in the Old Blind School. Others expressed the need for tenants who had both

"a personal and private stake in the building."

There are issues which make the building less than ideal for residential use. Ingress and egress could be an issue - unless a separate entrance were designated for residents. Security could be another concern. Residential areas would need to be segregated from Health Department clients. Would deliveries and services for residences use the same delivery entrance for the Health Department? Would there be restricted hours for such deliveries? Although parking is not at a premium on site, residents would want reserved spaces for themselves and their guests. Would residents have separately metered utilities? For these reasons, NAI Welsh is not recommending that space in the Old Blind School be devoted to residential or dormitory use.

Survey Results

In all, the most frequent response for the highest and best use of the Old Blind School site was for Art/studio space - further explained by one respondent as both "clean artists studios" and "affordable space." Next in order of preference came daycare/Headstart and latchkey use. This answer came from both corporate partners and homeowners. The third most popular answer was office space in various forms, whether for Arts Administration, small companies such as lawyers and accountants or non-profit use. Neighborhood gathering space was the next most popular use for the site - coming from both corporate and neighborhood partners - and something already provided for by the Board of Health design for the building. Other suggested uses - in descending order - included: Training and education programs, Adult daycare and a Health club. However, one respondent, an Adult Daycare provider in the area, pointed out that there was an Adult

Daycare facility within a mile and a half of the Old Blind School. (Generations Heritage Day Health Center at 1185-1187 East Broad Street.) That survey response went on to note that,

"There are more adult day centers than are needed in Franklin County, although that should change in the next 3 years."

In addition to each of the above suggestions, which garnered multiple votes from respondents, there were many unique answers. Unusual suggestions included a Boutique Hotel, an Antique Mall, a Service Station, an Internet Café, a COTA office, historical archives for the neighborhood and a

"government agency which would allow for the acquisition of police record checks for employees to use to submit with job applications."

Other Considerations

The wants and needs of the immediate neighborhood are only one factor in the ultimate decision as to the highest and best use of the property. In addition, tenants in the space need to be compatible with the Health Department, able to thrive in the space available to them and not in direct competition with established area businesses.

Tenants in the space should be compatible with the Health Department. The Health Department is charged with protecting and promoting the health of Columbus residents through over 40 programs staffed by 500 full and part time employees. Services range from Alcohol and Drug Abuse programs to Rabies Control, Birth and Death Certificates, a Pregnancy Support Program, maternal and Child Home Health Care Programs and Senior Citizen Assessment Clinics. Some services are provided free to eligible families - such as child car seats through the Department's Injury Prevention Program.

Many clients visit the Health Department on a daily basis, whether to avail themselves of clinic services or obtain birth or death certificates. Because the Department is charged with providing affordable health care, it is a provider for Medicare, Medicaid, many HMOs and insurances as well as self-pay and a sliding fee scale. Health Department Clinics run until 9 or 10 PM on Monday through Thursday evenings. Bus service is important to Health Department clients. Businesses sharing space with the Health Department should be of a sort that would be inoffensive or safe for the typical Health department client. For an extreme example, a liquor store would be a poor choice next to a facility that provides alcohol and drug abuse outpatient treatment. On the other hand, a drop-off daycare site might be a good partner to the Health Department, either for its own employees or for its clients.

Tenants should also be of a type that would thrive in the space. For example, although many neighborhood residents expressed a desire to see a "Cameron Mitchell type" restaurant in the building, the available space is on the second and third floors. Although some stores are "destination retail" - such a huge draw that customers go out of their way to shop - most retail businesses depend on impulse buyers. A large portion of their trade comes from shoppers who saunter by, browse the window display and stop in to make a purchase. Retail businesses are just not viable on second or third floor locations unless they are part of an indoor shopping mall like City Center. In addition, the Old Blind School is virtually an island. There are no parks or other stores nearby that those potential customers would be strolling to or from. Even if the first floor of this building were to be made available for retail use, it would be a serious challenge to find

stores to tenant the space. Most retailers demand storefront signage as well as monument signage. In other words, they want a sign on the window as well as a marquee visible to the street that makes passersby aware of their presence. That would not be acceptable on this historic building. Retailers like dry cleaners also need parking spaces directly in front of their stores. That wouldn't work on this property. As desirable as it might be to the neighborhood, retail use of this space is just not viable.

Finally, tenants in the Old Blind School building should not be of a sort that would hurt already existing neighborhood businesses. It would be viewed as unfair for the city to give favorable rental rates to tenants that would be in competition with struggling or already established neighborhood partners. To do so would be in direct conflict with our charge by the City of Columbus - to find the highest and best use of this property for the neighborhood.

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Finally, tenants in the Old Blind School building should not be of a sort that would hurt already existing neighborhood businesses. It would be viewed as unfair for the city to give favorable rental rates to tenants that would be in direct competition to struggling or already established neighborhood partners. To do so would be in direct conflict with our charge by the City of Columbus - to find the highest and best use of this property for the neighborhood.

Recommendations

Residential use of the Old Blind School building is not acceptable to the city for good reason. As we have demonstrated, retail use of this space is simply not a viable option. The Downtown Columbus office market is currently experiencing a serious over supply of office space and the Near East trade area seems to have oversupply as well. What use for the available space would be appropriate, compatible with the Health Department and viable in the subject space?

The upper floors of the Old Blind School are currently built out as classrooms. The most economical use of the space will be that use which requires the least reconfiguration. The large rooms feature high ceilings, large light-filled windows and beautiful transoms over the tall doors. Who uses that sort of space? Artists and teachers.

The ideal use for the third and fourth floors of the Old Blind School building would be artists studio space, a charter school, a day care/head start organization and shared office space for local arts organizations. After meeting with potential tenants, we believe that there is a market for this space.

In order to offer the space to any prospective tenants, the city will have to do several things. First establish a separate entrance for the safety and security of both the upper floor tenants and Health Department clients and staff. After meeting with Tom Horan, Assistant Health Commissioner, NAI Welsh believes this to be possible. The Health Department will be using a new east-side entrance to the newly constructed spaces. Other tenants could use the west-side entrance - entering the building at the security station. This would give the security desk an opportunity to screen people entering the third and fourth floor spaces, affording a level of comfort to the upper floor tenants and a level of security to the Health Department.

Second, the city must take responsibility for bringing the property up to code to facilitate showing the space to potential tenants. The third and fourth floors of the building should be brought to what is generally referred to as "vanilla shell" condition. The following outlines what comprises a vanilla shell:

- Floor to be sealed concrete, or equivalent, ready for tenant finishes.
- Walls to be repaired, taped, spackled, sealed, and primed for tenant finishes.
- Lighting – exit, emergency and general to be provided, although may vary depending on uses.
- Ceilings to be painted or have lay-in acoustical tile or equivalent.
- Doors, doorframes & hardware to be repaired and/or replaced if needed.
- Window treatment (mini blinds/vertical shades) to be determined with a consistent treatment throughout building.
- Plumbing – fixtures and finishes in place in all restrooms.

- Electrical – supply 120/208 volt, three phase, four wire electrical power in sufficient amperage to meet the industry standard guidelines. One 110V duplex outlet will be provided for every 125 square feet of usable tenant space. Dedicated outlets will be provided at the phone system only. A "mud ring" and pull string will be provided at the communication jack locations provided by the tenant.
- Heating, ventilating & air conditioning – unit(s) to be in place with modifications made as needed for tenants.
- Sprinkler system fire suppression system (add to existing system).
- Common areas, restrooms, corridors, stairwells, and elevators to be ready for finishes.
- Signage to be provided in:
 - Building Lobby – (tenant directory)
 - Floor Elevator Lobby
 - Suite Entry

Note: Communication equipment and wiring are the tenant's responsibility.

Finally, the preliminary renovation and cleaning should be done as soon as possible. The Board of Health should be able to occupy and enjoy its new space without the din, dirt and confusion of construction traffic. The Health Department should not be asked to share space with property that was being renovated by inexperienced or amateur craftsmen. The safety and security issues that would arise from a "do it yourself" approach to renovation are unacceptable. How would workers be identified? Downtown buildings have been plagued by scam artists wearing tool belts and carrying clipboards who wander through buildings stealing wallets and laptop computers. The city cannot afford to be responsible for a building that was being renovated piecemeal. The outright danger to Health Department employees and clients is an unacceptable risk that the city of Columbus cannot afford to take.

While these recommendations may seem challenging, the payoff for the city and the neighborhood will be tremendous. In a meeting with Dennison W Griffith, President of Columbus College of Art and Design, NAI Welsh learned that CCAD is very interested in renting as much of the space as could be made available for "clean" artist's studios. (Clean artist's studios would include painting, sculpting, textiles: soft arts, and exclude metalwork, welding and paint booths.) These studios would be given as a "perk" to faculty and senior students. This would serve the city and the neighborhood very well by further anchoring CCAD on the East Side of downtown and hopefully forestalling the college's potential move to the riverfront.

Wanda Corner of Corner of Success is another very interested prospective tenant for the site. She is founding the Columbus Youth Entrepreneurship Academy, an entrepreneurship/business charter school for students in grades 9 through 12. The central location and bus line access of the Old Blind School help to make it an ideal site for her needs. Her business plan details a year round school, with students doing 6-month internships with non-profit organizations and corporate partners. Her school would require 13 or 14 classrooms including computer lab space, science, physical education and a teacher's lounge. She would be interested in the potential of sharing the auditorium space and cafeteria. Her students would wear uniforms to distinguish themselves- and would ideally use the west entrance to the building.

Cyril Nicole of John 23rd Head Start/preschool program has also expressed interest in locating at the Old Blind School property. Columbus Landmarks Foundation has also expressed interest in the space. Other local nonprofit and arts organizations might also benefit from the opportunity of sharing office space in the Old Blind School Building.

None of these potential tenants has the wherewithal to do its own renovations. While each entity is highly skilled in its own arena, construction and building renovation is not among their skill sets. In exchange for finished space, it is foreseeable that the city could expect a reasonable rental rate. NAI Welsh suggests that the "asking lease" rates are as follows:

| | |
|----------------------------------|------------------------------------|
| For 8,000 SF tenants and larger: | \$6.00 per square foot semi-gross* |
| For tenants less than 8,000 SF: | \$8.00 per square foot semi-gross* |

Semi-gross rate includes rent, real estate taxes (if applicable), common area maintenance, and utilities.** Tenants would be responsible for janitorial in their suites.

**In the event the utilities can be separately metered and paid by the tenant, the rate can be adjusted accordingly.

Floor divisions should be kept to a minimum and might be adjusted based on existing classroom size.

In addition, all of the aforementioned prospective tenants would be tremendous assets to the neighborhood. Use of this building in this way constitutes a win-win-win situation for the City of Columbus, the potential tenants and the immediate neighborhood.

"This building is at the Western gateway to the Bryden Road Historic District and Olde Towne east areas. The area is rich in historical and cultural arts." - survey respondent

Neighbors get the artists studio space and neighbors, "with a personal and private stake in the building" they desire, the neighborhood retains a day care center and the city anchors CCAD in this area.



250 E. Broad Street
Columbus, Ohio 43215
614.280.4800 Fax 614.280.4801

FOR IMMEDIATE RELEASE

February 26, 2001

Contact: Catherine Erney
Research Manager
(614) 280-4854

CITY OF COLUMBUS SELECTS NAI WELSH FOR OLD BLIND SCHOOL PROJECT

Columbus, Ohio ... NAI Welsh has been retained by the City of Columbus to perform a study of The Old Blind School building at 240 S Parsons Avenue. When the renovation of the building is complete, The Columbus Health Department will occupy the two lower floors of the property. The city is relying on NAI Welsh's expertise to determine the highest and best potential uses of the available space on the third and fourth floors. Interestingly, this study focuses on the best use of the property for the neighborhood rather than the best economic use of the space.

Heading up the NAI Welsh team are two veteran downtown real estate specialists, Laura Miller, Vice President & John Hall, Vice President. Assisting with the project, Catherine Erney, NAI Welsh's Manager of Research and Marketing has extensive experience conducting research studies. The team has already met with the Old Blind School Committee and the Discovery District Commission. They will be speaking at the Old Towne East Neighborhood Association meeting on March 14th. The team will be meeting with the Near East Area Commission at 6:30 PM on March 15th at 1393 East Broad Street. They also plan to meet with the Main Street Business Association. Another public meeting is planned for mid to late March.

NAI Welsh, based in Minneapolis, Minnesota, was founded in 1977 and extends its expertise into virtually every area of commercial real estate including brokerage, real estate management, architecture, construction, development and investment services. The company has regional offices in Minneapolis and St. Paul, Minnesota; Columbus, Ohio; Orlando and Naples, Florida. NAI Welsh is one of the largest affiliates of New America International (NAI), the largest global partnership of commercial real estate service providers with more than 3,000 commercial property professionals in more than 230 offices around the globe.

Neighborhood Services Questionnaire

"(The Old Blind School) and institutions like it in our city stand as reminders of a long commitment -ujm that in providing opportunity to some with challenges, we are really enhancing opportunities for us all." - City of Columbus

We have been asked by the city to do a study of the Old Blind School, built in 1875 at 240 S Parsons Avenue (the corner of Parsons & Main.) We have been asked to determine the highest and best use of the property for the neighborhood, as opposed to the highest and best economic use of the property.

As a neighbor of that building, what do you see as the greatest needs of the immediate neighborhood? What retail services are currently unavailable? What sort of businesses should be encouraged (by means of rental rebates or other assistance) to populate that building? What other community needs could this property address?

Possible Suggestions:

- Day care/head start programs
- Adult day care
- Well baby clinic
- Mail boxes/ package delivery
- Training/educational programs - GED?
- Temporary staffing center - employment counseling
- Neighborhood gathering room - for local organizations such as Block watch, AA & AlAnon or BREAD

Suggestions & ideas:

Please identify yourself (including contact information) and feel free to attach another sheet if you need more room for suggestions or comments. Fax completed forms to: 614-233-5954 or mail to: Catherine Erney, NAI Welsh, 250 E Broad Street, Suite 1800, Columbus, Ohio 43215. Thank-you!

PUBLIC MEETING

You are invited to attend a public meeting to gather community opinions about the best uses for the neighborhood of the third and fourth floors and the South dorm of the Old Blind School complex on Parsons Ave.

Please attend and let the market research team know what you want to see at this historic community site!

Thursday March 22, 2001
7 P.M.

The Columbus Neighborhood Design
Assistance Center
Community Conference Room
65 Parsons Avenue

Between Oak and Franklin on Parsons
park in the lot South of the building

Questions? - Call The OTBA Representative to the OBS Community Advisory Group - 253-0033

City hopes to attract more tenants to former Ohio School for the Blind

By MIKE HOGAN
Daily Reporter Staff Writer

The city of Columbus is hoping to attract more tenants to the 10-acre complex that formally housed the Ohio School for the Blind and later, the Ohio State Highway Patrol.

The building is currently under renovation and, as of now, has only one tenant.

The Columbus Health Department will occupy the first and second floors of the building at 240 Parsons Street, according to department spokeswoman Liane Egle. Egle said the department plans to move into the building this fall.

In order to help fill the remaining vacant spaces, the city of Columbus hired NAI Welsh, a Columbus-based commercial real estate company, to conduct a study to determine the most likely type of tenants to occupy the third and fourth floors of the building.

"We have 86,000 square feet that we've been asked to lease to tenants," said Laura Miller, vice president of NAI Welsh. "We want to attract tenants that are complimentary to the neighborhood and compatible to the health department. We want the third and fourth floors of the building to get the best use possible," she stated.

"We're not (necessarily) looking for the typical 8 to 5 office tenants. We want an infusion of activities since the building has been quite vacant for a number of years," she said. "We're talking to community and business neighbors. We want to target business and corporate neighbors to see what they want for the area."

Catherine Erney, manager of research and marketing for NAI Welsh, said she has met with the Discovery Development District's board of directors about the property.

"We got a lot of good feedback from them. It's really a unique situation," she said.

Bill Orosz, president of the Discovery District Development Corp., said the building's tenants could help strengthen the community.

"I think it will energize the neighborhood, especially when it comes to bringing in new jobs," he said. "There's a whole lot of uses for the building, so hopefully it will attract tenants with that type of merit."

Miller said she has already talked with a number of possible tenants, but nothing has been finalized. She said a banquet facility, recreational facility, a meeting facility or even a non-traditional school would be good fits for the space.

"We're not anticipating a lot of retail (interest) because of the limited exposure. It's on the third and fourth floors of the building. Most retailers want to have first floor exposure," Miller said.

She said one of the advantages of the third and fourth floor is that it provides plenty of open space for tenants.

"Since we have a lot of wide open space, we are hoping to attract middle to large size tenants to fill the occupancy. Dividing the open space has been a possibility, but the less division, the better," she said.

"There's also an auditorium that will house up to 200 people. We also have a 650 space-parking garage," Miller stated.

In addition to the main building, there is a North and South Dormitory. "The health department will use the North Dormitory and there still has been no confirmation on what the South dormitory will be used for when the building opens," she said.

Miller said she hopes to have leasing commitments by the end of the year. "This process will take some time. I can say that it won't happen in the next 30 days. It could probably take at least 12 months."

"The structure itself has an incredible amount of history to it. It is surrounded by neighborhoods, and that's really a major part of the formula when you're trying to attract new tenants to an area."

She added, "The building is also within the empowerment zone in the Neighborhood Commercial Revitalization Plan. So some of the groups who want to be tenants in this building will be eligible for loans. So it helps everyone out," she stated.

"We have 86,000 square feet that we've been asked to lease to tenants. We want to attract tenants that are complimentary to the neighborhood and compatible to the health department. We want the third and fourth floors of the building to get the best use possible."

— Miller

*Daily Reporter
Feb 15, 2001*

Near East Side enjoying a renaissance

■ **Young people are moving into one neighborhood and restoring the grandeur of houses that had fallen on hard times.**

By Lornet Turnbull
Dispatch Staff Reporter

Kwanz Obu is still renovating the house he bought on the near East Side more than two years ago, but that hasn't stopped strangers from stopping by at least once a week — sometimes twice on weekends — to ask whether he wants to sell it.

The two-story brick house on Winner Avenue, two blocks north of E. Broad Street, has nearly doubled in value to \$70,400, county records show.

The interest from outsiders affirms what Obu already knew: "I made a great move."

His house is in a multiblock area that census figures show was a standout during the 1990s.

Even as the population declined in many neighborhoods across the central city — including areas of Clintonville and German Village — this small pocket stabilized, adding a couple of dozen residents to boot.

Bound generally by Leonard Avenue, Taylor Avenue, Broad Street and Ohio Avenue, the area is surrounded by neighborhoods where the population slipped.

Why it grew while the others declined baffles even those who have witnessed a gentrification in recent years of much of what is known as the near East Side.

Young families, single men and career professionals of all races have been buying up the old homes on both sides of E. Broad Street, renovating them and settling in.

Gradually and quietly — as happened in German Village 30 years ago — they're engineering a turnaround in an area marked for years by crime, decay and neglect.

Up and down the streets of these neighborhoods are signs of renewal — a smattering of boarded-up and run-down houses next door to those that have been renovated.

"It seems much more peaceful — more homelike," Marian Allen said from the porch of her modest Eastwood Avenue home.

Now 79, Allen moved to the neighborhood in 1950 and has seen it through good times and bad. These days, many of her neighbors are young, single men who drive fancy cars and, without being asked, mow the grass in her yard.

This generation of urban dwellers started moving in about four years ago, Allen said, pointing out their homes — grand old places renovated and restored — all around hers.

"They are the ones who started all this," she said.

Obu, who bought his house at a 1998 auction sponsored by the U.S. Department of Housing and Urban Development, said buying in the neighborhood was a way for him to connect to the area's past.

"For me, it was a yearning to come back to an area where black doctors, lawyers, professionals once lived and thrived," he said.

"I'm finding more and more people who feel the same way."

The government-subsidized Poindexter Village housing complex is in the middle of the neighborhood. University Hospitals East — the former Park Medical Center — is on the eastern edge, and the Chalmers P. Wylie Veterans Affairs Outpatient Clinic is on the north.

That the area has stabilized is evidence of "natural economic strengths," said Mark Barbash, Columbus' director of trade and development.

"From a property-value standpoint, we still have some targets of opportunities — vacant properties that can be utilized," he said. "Part of the challenge is to solidify issues like safety and provide commercial opportunities so people can shop."

Kathleen Bailey, chairwoman of the Near East Area Commission, said the area's proximity to Downtown and the quality and architecture of its houses are appealing.

The houses are "still fairly affordable," she said. "I don't know how long that will last."

According to records in the county auditor's office, some properties are valued at less than \$30,000. Bailey estimated that the cost of "fixer-uppers" ranges from \$10,000 to \$50,000.

Some say the heyday of the neighborhood was the mid-20th century, after the area had made its transition from first-generation German and Irish residents in the 1920s to predominantly black residents by the mid-1940s. Its decline began in the late 1960s as blacks who had gained economic and social clout began to move out.

John Dupler, who along with partner Chuck Solomon began buying and restoring homes on the near East Side about six years ago, said the area is no different from Italian Village or German Village.

He calls it one of the "last untapped areas" of the Columbus real-estate market.

Dupler and Solomon live in the area and have encouraged their friends to follow them. Many have.

"The houses there are magnificent," Dupler said. "They have so much character. Many have lasted 100 years. Some of them were crack houses, boarded up and neglected. All they needed was some TLC."

Omar Shaheed and his wife, Deborah, have seen a difference since they bought a house on Long Street seven years ago.

Built at the turn of the century, the rambling structure had been divided into 13 rooms and was a popular stop for drug users.

"When we tore the ceiling away, a pound of marijuana fell on my head," Mr. Shaheed said. "There were needles all over."

The couple, doing much of the work themselves, took three years to upgrade the house.

To help change the area, the Shaheeds became involved in neighborhood associations. They asked the owner of a house next door, where drugs were being dealt, if they could oversee the property for him.

"We managed to get all those guys out of there," Mr. Shaheed said.

Most of their neighbors now are homeowners.

The couple have had their house appraised twice, seeing it double, then triple, in value.

"It's a phenomenal investment," said Mr. Shaheed, a sculptor.

Clyde and Kim Powell, who live in the area and have rehabbed homes there for years, said such neighborhoods are a real find for those with the right kind of vision.

"We have assets here," Mrs. Powell said. "Our lots are larger than many in other areas of the city."

"We have larger housing stock. This is one of the city's oldest neighborhoods. People realize they can get more bang for their buck."

One downside has been the added tax burden on the area's longtime — and often elderly — residents.

Assessments for improvements such as new lampposts and sidewalks, along with the increase in property values, have led to higher taxes.

Many older residents who have paid off their homes but are on a fixed income can't afford the additional costs, Bailey said.

Allen, for one, is struggling.

"I used to be able to pay my taxes once a year," she said. "Now I have to pay it every six months. It's more difficult."

lturnbul@dispatch.com

Cols. D. 4/24/01

Demographic Projection Report ('00, '05, '10)



NEAR EAST TRADE AREA

Site Coordinates Longitude: -82.983663
Latitude: 39.978695

| | 2000 Estimate | 2005 Projection | 2010 Projection |
|--|---------------|-----------------|-----------------|
| Population | 20,718 | 19,406 | 18,046 |
| Population Group Quarters | 683 | 665 | 618 |
| Population Non-Family Households | 4,856 | 4,669 | 4,321 |
| Population in Families | 15,179 | 14,072 | 13,107 |
| Race: White | 3,306 | 4,185 | 4,728 |
| Race: Black | 16,778 | 14,517 | 12,541 |
| Race: American Indian, Eskimo or Aleut | 73 | 73 | 73 |
| Race: Asian or Pacific Islander | 490 | 568 | 652 |
| Race: Other | 70 | 63 | 51 |
| Persons of Hispanic Origin | 188 | 186 | 188 |
| Population Age 0-4 | 1,770 | 1,641 | 1,519 |
| Population Age 5-9 | 1,728 | 1,565 | 1,413 |
| Population Age 10-13 | 1,404 | 1,254 | 1,075 |
| Population Age 14-17 | 1,244 | 1,171 | 1,023 |
| Population Age 18-20 | 852 | 823 | 806 |
| Population Age 21-24 | 1,105 | 1,109 | 1,061 |
| Population Age 25-29 | 1,288 | 1,231 | 1,213 |
| Population Age 30-34 | 1,296 | 1,159 | 1,081 |
| Population Age 35-39 | 1,387 | 1,192 | 1,010 |
| Population Age 40-44 | 1,352 | 1,232 | 995 |
| Population Age 45-49 | 1,160 | 1,141 | 1,031 |
| Population Age 50-54 | 1,152 | 1,166 | 1,150 |
| Population Age 55-59 | 945 | 1,065 | 1,066 |
| Population Age 60-64 | 860 | 914 | 1,028 |
| Population Age 65-69 | 769 | 737 | 791 |
| Population Age 70-74 | 749 | 596 | 556 |
| Population Age 75-79 | 678 | 547 | 445 |
| Population Age 80-84 | 514 | 431 | 366 |
| Population Age 85+ | 465 | 432 | 417 |
| Median Age | 32.7 | 32.9 | 33.2 |